

Items requiring **PRIOR APPROVAL**, **SPECIFIC PRIOR WRITTEN APPROVAL**, and **FNS RO APPROVAL**

03/02

| Topic | Section | Page # | Specific Item | Prior Approval | Specific Prior Written Approval | FNSRO Approval |
|--|------------------|--------|---|----------------|---------------------------------|----------------|
| Advertising and Public Relations Costs | 3 a (2) | 20 | Public relations cost for pamphlets, news releases, and other information services | YES | | |
| Communications | 8 a (1) | 23 | Cellular phones and pagers owned or leased by the institution—SAs may impose prior approval of specific prior written approval | Up to SA | Up to SA | |
| Contributions and Donations Costs | 10 a | 24 | Costs required to make good or services donated to the institution usable for the Program | | YES | |
| Day Care Home Licensing Standards Costs | 12a (1,2, and 3) | 27 | Supplies such as smoke detectors and fire extinguishers; minor alterations such as adding handrails; and the costs of fire and safety inspections and licensing fees are required to permit an eligible day care home to meet licensing approval standards. | | YES | |
| Depreciation and Use Allowance | 13 a (1)(b) | 29 | All space and facility depreciation methods other than 30-year straight line or method used and accept for Federal income tax reporting purposes. | | YES | |
| | 13 a (1)(c) | 29 | For publicly owned buildings, the amount assigned as the acquisition cost | | YES | |
| | 13 a (2)(a) | 30 | All equipment depreciation methods other than 15-year straight line depreciation or method used and accepted for Federal income tax reporting purposes | | YES | |
| | 13 d (1) | 31 | Unknown acquisition cost | | YES | |
| | 13 e | 31 | Life expectancies | | Up to SA | |
| Employee Morale, Health, and Welfare Costs and Credits | 14 | 31 | All cost in this category | | YES | |
| Expensing Equipments and Other Property | 16 a | 33 | The program's share of the cost for most equipment and improvements can be directly expensed (NOTE: See 16 b of unallowable costs.) | | YES | |

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| Facilities and Space Costs | 17 a (3) | 35 | The costs for rearrangement and alterations to facilities owned by the institution that are necessary for efficient and effective program operations but do not result in capital improvements (NOTE: see unallowable costs.) | | YES | |
| Insurance | 21 a (1)(a) | 37 | Cost of other insurance, not required by the SA, maintained by the institution in connection with the general activities of the Program when the type, extent, and cost of coverage in accordance with general state or local government policy and sound business practices | | YES | |
| | 21 a (1) (b) | 37 | Costs of insurance or contributions to an self insurance reserve covering the risk, loss, or damage to Federal Government property to the extend that the institution is liable for such loss or damage | | YES | |
| | 21 a (1) (c) | 37 | Contributions to a reserve for self insurance to the extent that the reserve meets state insurance requirements and the type of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks. | | YES | |
| Interest, Fund Raising, and other Financial Costs | 22 a (1) (a) i | 38 | Stop payment charges for facility advance and reimbursement payments and other Program disbursements, whether by check or EFT | | YES | |
| | 22 a (1) (a) ii | 38 | Program account reconciliation and analysis fees, including the allocated share of fees charged for commingled accounts | | YES | |
| | 22 a (2) | 38 | Interest incurred after 10/10/98, for non-profit private institutions and after 10/1/80, for public institutions on institutional debt used to acquire or replace allowable equipment or other property or make allowable improvements (NOTE: See unallowable costs.) | | YES | |
| | 22 c (1) | 40 | Arms length transactions (NOTE: See section on information required when requesting specific prior written approval.) | | YES | |
| | 22 c (2) | 41 | Less-that-arms-length transactions (NOTE: See section on information needed when requesting specific prior written approval.) | | YES | |

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| Labor Costs | 23 d (1) | 48 | Compensation to members of nonprofit institutions, trustees, directors, associates, officers, or the immediate families thereof require special consideration and specific prior written approval | | YES | |
| | 23 d (2) | 48 | Stipends to compensate board members for the costs of attending corporate meetings when program business is conducted requires special consideration and specific prior written approval | | YES | |
| | 23 d (3) | 48 | Any change to an institution's compensation policy that results in a substantial increase in the institution's level of compensation to an individual or all employees requires special consideration and specific prior written approval | | YES | |
| Overtime, Holiday Pay, and Compensatory Leave | 23 h | 51 | Payments of overtime, holiday pay for work performed on a non-work holiday and compensatory leave (NOTE: See section regarding exceptions.) | | YES | |
| | 23 i | 52 | Incentive payments and awards (except for awards of minimal value, see i(6).) | | YES | |
| | 23 j | 54 | Severance pay when it does not constitute excess compensation and is required by law, written employer/employee agreement, written policies of the institution, or the terms of a negotiated written labor relations agreement | | YES | |
| | 23 k (1) | 54 | Deferred compensation when SA determines the deferral is in the best interest of the Program, and it does not represent the establishment of a contingency fund, an attempt to defer compensation as a result of an over-claim, repayment request, or funding limitation or an attempt to acquire Program funds for unallowable cost purposes | | YES | |
| | 23 k (11) | 58 | Amendments of modifications to approved deferral plans | | YES | |

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| Legal Expenses and Other Professional Services | 24 a (1) | 58 | The sponsoring organization's cost to pursue administrative and judicial recovery of funds due from sponsored facilities | | YES | |
| | 24 a (2) | 58 | The institution's cost for services performed by individuals who are not officers, employees or members of the institution (Note: See section for additional information.) | | YES | |
| Management Studies | 26 | 61 | The cost of studies directly related to the Program that are performed by entities other than the institution itself | | YES | |
| Material and Supplies | 27 | 62 | SAa may establish specific prior written approval requirements for durable supply acquisitions | | Up to SA | |
| Meetings and Conferences | 28 a (1) | 63 | Travel and registrations fees for attending meetings and conferences devoted solely to the CACFP | YES; however, SA may waive | | |
| | 28 a (2) | 63 | Prorated share of travel and registration fees when CACFP is only a portion of a larger child and adult care related agenda. | | YES | |
| Membership, Subscriptions, & Professional Organization Activities | 29 a (4) | 64 | Cost of public and not-for-profit institutions' memberships in civic and community organizations | | | YES |
| Participant Training and Other Participant Support Costs | 30 a (1) | 65 | Training-administrative costs (NOTE: see section for a list of these costs.) | YES | | |
| | 30 a (2) | 65 | Training-operating costs (NOTE: see section for a list of these costs.) | YES | | |
| | 30 a (3) | 66 | Facility appeal costs (NOTE: see section for more information) | YES | | |

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| Proposal Costs | 32 | 66 | Cost of preparing proposals on potential FNS Child Nutrition Program grants | | YES | |
| Publication, Printing, and Reproduction | 33 | 67 | All allowable cost require prior approval | YES | | |
| Purchased Services--Other | 34a (1) (a) | 67 | Arms-length transactions for the maintenance, repair, or upkeep of administrative and food service equipment that neither adds to its value nor prolongs its intended life | YES | | |
| | 34a (1) (b) | 68 | Costs of utilities, purchased security, and janitorial service, etc., not included in space or labor compensations costs | YES | | |
| | 34a (2) | 68 | All less-than-arms length transactions; maintenance and service repair contracts on Program equipment; and all other purchased service costs needed for Program | | YES | |
| Rental Costs | 36 d | 72 | Special lease arrangements—capital leases, sale-with-lease-back leases, less-than-arms-length transactions, and lease with option-to-purchase (NOTE: see section for more information.) These also require special consideration. | | YES | |
| Termination Costs | 38 a | 75 | Institution's necessary and reasonable costs of ceasing CACFP operations | | YES | |
| Travel | 39 | 76 | Costs for Program travel (NOTE: See section for more information) | YES | | |

SA = State Agency

FNSRO = Food and Nutrition Service Regional Office

Section and Page # refer to the document 796-2, Revision 3